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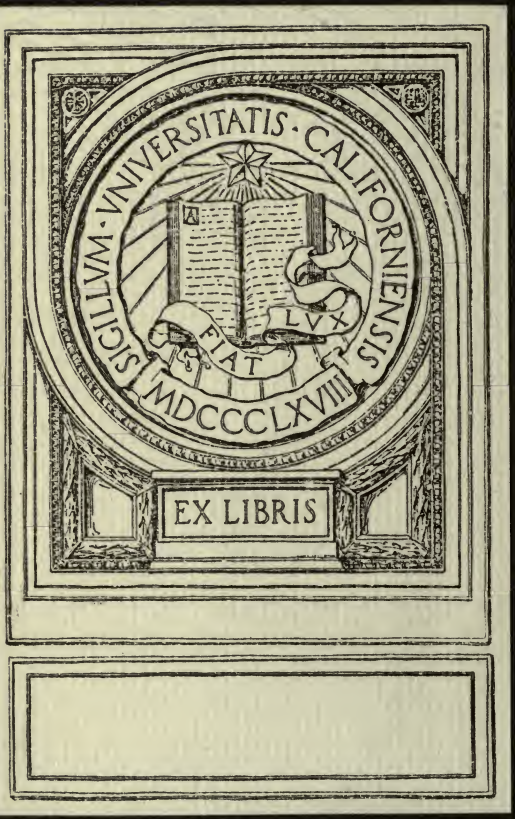
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Up-to-date Regents Questions

—IN—

Bookkeeping

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UP-TO-DATE
REGENTS QUESTIONS
IN
BOOKKEEPING

BY

WM. J. ADAMS, PD.B.

PRINCIPAL GRAMMAR SCHOOL NO. 1, RENSSELAER, N. Y.

SYRACUSE, N. Y.

C. W. BARDEEN, PUBLISHER

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REGENTS QUESTIONS

BOOKKEEPING

UNIV. OF
CALIFORNIA

Up-to-date Regents Questions

BOOKKEEPING

1 (*a*) State the *two* principal objects of bookkeeping. (*b*) What is the underlying principle of double-entry bookkeeping?

2 (*a*) Give a general rule for determining debits and credits. (*b*) Give (1) the names of *two* accounts that should never have a credit balance, (2) the name of one account that should never have a debit balance.

3 (*a*) Show the superiority of double-entry over single-entry in the matter of testing for correctness. (*b*) Give full directions for changing a set of books from single to double entry.

4 (*a*) Mention *two* essential points of difference between single-entry and double-entry bookkeeping. (*b*) Mention a business in which (1) single-entry would be advisable, (2) double-entry would be advisable. (*c*) What *two* advantages has the double-entry method over the single entry method?

5 Compare single entry bookkeeping with double entry as to (*a*) the kind of transactions recorded in the ledger, (*b*) the kind of accounts kept in the ledger, (*c*) the way in which transactions are recorded, (*d*) correction of accounts.

6 (*a*) Mention the different classes of accounts used in double entry bookkeeping and state the use of each class. (*b*) What class of accounts is used in single entry?

7 (*a*) State the use of each of *three* principal books used in double entry bookkeeping. (*b*) If only one book could be saved in case of fire, which should it be? Explain.

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8 Name *two* auxiliary books and illustrate the use of each by an entry.

9 Give the special use of *each* of the following books: (*a*) bill book, (*b*) order book.

DEFINITIONS

10 Illustrate the form of *each* of the following (*a*) certified check, (*b*) invoice, (*c*) shipping receipt, (Omit printed limitations), (*d*) account sales, (*e*) due bill.

11 Define *five* of the following: (*a*) royalty, (*b*) bonus, (*c*) unsubscribed stock, (*d*) bond, (*e*) surplus, (*f*) stock certificate.

12 Define (*a*) auxiliary book, (*b*) liability inventory, (*c*) net proceeds, (*d*) pass book, (*e*) sales ledger.

13 State clearly the meaning of each of the following business terms: (*a*) account payable, (*b*) account sales, (*c*) bills receivable, (*d*) certified check, (*e*) contra entry.

14 Define the following terms and discuss fully the use made of *each* of these discounts in business practice: (*a*) trade discount, (*b*) merchandise discount, (*c*) bank discount.

15 Explain the following bookkeeping terms: (*a*) cash, (*b*) trial balance, (*c*) inventory.

16 Define (*a*) *collateral security*, (*a*) *assets*, (*c*) *balance*, (*d*) *sinking fund*, (*e*) *preferred stock*.

17 Define *each* of the following: (*a*) *consignment*, (*b*) *contract*, (*c*) *invoice*, (*d*) *balance sheet*, (*e*) *account sales*.

18 Define (*a*) *power of attorney*, (*b*) *bill*, (*c*) *receipt*, (*d*) *protest*, (*e*) *shipment*.

19 Give the meaning of *each* of the following: (*a*) *lease*, (*b*) *posting*, (*c*) *assignment*, (*d*) *commission*, (*e*) *bill of lading*.

20 Define *each* of the following: (*a*) *insolvency*, (*b*) *account current*, (*c*) *goodwill*, (*d*) *partnership*, (*e*) *creditors*.

21 Define (*a*) *statement*, (*b*) *waybill*, (*c*) *fixed*, (*d*) *asset*, (*e*) *resources*, (*f*) *capital*.

22 Give the meaning of each of the following: (*a*) *ledger*, (*b*) *stocks*, (*c*) *account*, (*d*) *entry*, (*e*) *solvency*.

CASH BOOK

23 What is the general principle regarding the debits and credits in a cash book? (*b*) Give directions for opening and balancing such a book. (*b*) How may the correctness of the cash book be tested?

24 (*a*) Rule the debit page of a cash book having *three* special columns and designate the heading for each column. (*b*) State the chief advantage of using special columns.

25 (*a*) Explain how the cash book is posted in a double entry set of books. (*b*) Tell how the bank pass book and check book are used. (*c*) How often should the cash book be balanced?

26 Assuming cash on hand to be $100, rule and write a cash book covering transactions of at least *three* days, including both payments and receipts. Bring down balance for each day.

27 Enter in a cash book (folio form) the following transactions (Rule and balance each day): Jan. 3, 1899. Cash on hand $500. Sold Frank Booth merchandise for cash $30. Paid Roberts & Co. for merchandise $100. Arthur White paid his note $150. Jan. 4. Paid my note in favor of Paul Jones $400. Paid clerk's salary $25. Received for sales of merchandise $225.

28 Arrange the following in proper form in a cash book and balance the book: March 23, 1898, cash on hand in morning

$10.28. Received from James Ball $3. Paid for repairing bicycle $1.75. Received for work $1.50. Paid for hat $3, for shoes $3.50. Loaned John Bell $5. Received for week's wages $10.

29 Enter in a cash book, folio form (separate pages for cash received and cash paid out), used as a book of original entry, the following transactions for posting to the double entry ledger: Feb. 1, 1900. Cash on hand $120.50. Bought merchandise of Rice & Co. for cash $38.60. Paid my note in favor of Marsham & Peters $25. Cash sales $91.69. Feb. 2. G. H. Adams paid his note for $175. Sold William Butler merchandise for cash $18.90. Paid C. C. Bennett cash to balance account $175. Cash sales $98.60. (Rule off and bring down balance.)

30 The footings of a cash book are Dr. $864, Cr. $753. Cash on hand by actual count is $50. State *two* theories that would serve as a guide in searching for the error.

31 Enter in a cash-book from which postings are made direct to the double entry ledger, the following transactions: Feb. 18, 1899. Sold merchandise to Al Hoadley for cash $118.25; paid my note in favor of D. Way $100, and interest $1.25; paid C. B. Astor for merchandise $216.30; T. Allen paid his account due May 18 $110, less discount at 6%.

32 Compute the cash value of the following account May 31, 1898, interest at 5%:

Dr.	JAMES SMITH		*Cr.*
1898		1898	
April 25 Mdse at 60 days	$1000	April 1 Cash	$560
		May 21 Cash	324

JOURNAL

33 (*a*) Give a general rule for journalizing (determining debits and credits). (*b*) Show how this rule applies to the jour-

nalizing of transactions involving (*a*) bills receivable, (*b*) bills payable.

34 (*a*) What is an *original entry?* (*b*) When should it be made? (*c*) What should it show? (*b*) Why is an original entry specially important?

35 Explain the advantage of controlling accounts and special columns in books of original entry.

36 Explain why it is necessary to make full explanations of business transactions in connection with the original entries.

37 (*a*) Tell how to journalize (*a*) bills payable, (*b*) bills receivable. (*b*) Consider interest in both cases.

38 (*a*) Describe a business transaction the journal entry for which would require the use of the following accounts: Cash, Notes Receivable, Discount.

(*b*) Describe a business transaction the journal entry for which would require the use of the following accounts: William Grand, Merchandise, Notes Payable.

39 (*a*) What is the purpose of an expense account? (*b*) What items appear on its debit side? (*c*) What items may appear on its credit side? Give examples to illustrate each.

40 (*a*) What are the journalizing rules for personal accounts? (*b*) Explain fully the advantages to be gained by using a special column journal. (*c*) Mention *two* kinds of entries that may appear on the debit side of the proprietor's account.

41 Give a rule for debiting and crediting *each* of the following: *interest*, *cash*, *furniture* and *fixtures*.

42 (*a*) Distinguish between an expense account and a furniture and fixtures account when both are kept. (*b*) Which of these accounts includes the other when only one is kept? (*c*) Under what circumstances would an entry appear on the credit side of furniture and fixtures account?

43 Rule a sheet for a six column journal and illustrate its use by correctly entering in it the following: John Jones commenced business April 1, 1987, with the following resources and liabilities: cash $5000, merchandise $3500, note against James Hart $600, note in favor of Henry Morgan $250, account in favor of Wilson and Son $38.

44 You pay your 30 day note for $250 with interest. You receive payment on James Whelan's $975 acceptance 10 days in advance of maturity. Write the journal entries, calculating interest at 6% in each case. Give the reason for each debit and credit.

45 (*a*) Add to each entry given below an explanation that will show the transaction involved:

(1)	Mdse	$1600	
	To Henry Grayson		$1600
(2)	Cash	$475	
	To Notes receivable		$450
	To Interest		$25

(*b*) Give the different rules of debit and credit applied in making the entries given in (*a*).

46 Describe a transaction that would require *each* of the following journal entries:

a	Notes receivable	$490	
	Merchandise discount	$10	
	To John Reed		$500
b	Furniture and fixtures	$375	
	To Notes payable		$200
	To Henry Hammond		$175

47 You owe Thomas M. Bailey, Chicago, Ill., $500. Show in detail how you would make payment. Illustrate. Give the entry of the transaction you would make in your books.

48 John Avery draws on Samuel Rose in favor of William Rider for $100 at 10 days sight. Make the proper journal entry for each of the three parties.

49 H. M. Kerr and O. E. Weir are partners in a manufacturing concern under the firm name of Kerr & Weir. Their investments are as follows: H. M. Kerr $30,000, O. E. Weir $20,000. They decide to incorporate their business with a capital stock of $75,000, consisting of 750 shares at $100 a share. The partners are to receive paid up stock for their respective interests and goodwill as follows; H. M. Kerr 350 shares, O. E. Weir 250 shares. A. S. Miller, W. G. Burton and J. M. Ronan each subscribe for 10 shares. The rest of the capital stock, 120 shares, is not to be sold till later. The following list of assets and liabilities of the old firm has been accepted by the corporation:

Assets		*Liabilities*	
Accounts receivable..	$12000	Accounts payable.....	$4800
Raw materials.....	9000	Notes payable.....	1500
Plant	9000		
Real estate.....	10000		
Cash.....	7600		
Finished goods.....	8700		

Make the necessary journal entries (*a*) to close the books of the old firm, (*b*) to open the books of the corporation. (A new set of books is to be used by the corporation.)

LEDGER

50 (*a*) Give *five* important steps in closing a double entry ledger. (*b*) For what purpose is a ledger closed?

51 Mention *three* tests that may be applied to determine the correctness of a double entry ledger.

52 Explain the importance of placing the pages of the ledger accounts in the original entry books as you post.

53 How would you determine whether an item on the Dr. side of the ledger is an asset or a loss? Give illustrative examples.

54 During the year ending Dec. 31, 1915, George Butler's books have been kept by single entry. Explain fully how to ascertain his net gain for the year.

55 Describe a method of keeping the merchandise account of a business so that the correct percentage of loss or gain on sales may be readily ascertained.

56 State the process of closing a merchandise account and illustrate, using the following data: purchases $3420, sales $4873, merchandise on hand $2315.

57 A bookkeeper made the following errors while posting: a debit of $47 to Merchandise was posted as $74; a debit of $140 to Notes Receivable was posted to the credit side of the account and a debit of $75 to Expense was omitted entirely. If no other errors were made, how much would the ledger be out of balance and which side of the trial balance would be the larger?

58 (*a*) Two ledgers are before you. One is the ledger of a partnership concern just before the partnership is converted into a corporation; the other is the new ledger of the corporation. What differences should you find in the accounts in the two ledgers?

(*b*) In what way does the disposition of the net profit differ with respect to partnerships and corporations?

59 A broker buys for you 450 shares of B. & O. R. R. stock Mar. 12, 1902 @ 104 and sells it Apr. 11, @ $107\frac{3}{4}$. He charges brokerage $\frac{1}{8}\%$ each way and interest at 6% on cost of stock. Show the account properly closed in the broker's ledger.

60 On Jan. 1, 1914, Albert Hardy began business with a cash investment of $2500. During the year he made the following additional investments: May 1, $500; Aug. 15, $200. On Sept. 30 he withdrew $250. On Dec. 31 his accounts show a loss for the year amounting to $4197.33.

Show Mr. Hardy's ledger account closed up at the end of the year.

61 A bookkeeper made the following journal entries:

Cash	$2500	
To William Brown		$2500
Expense	$37.50	
To Cash		$37.50
Notes receivable	$98.25	
To Henry Brown		$98.25
Mdse	$125	
To Bremmer & Co		$125

He then posted the above entries as follows:

Cash		William Brown		Expense	
$250	$73.50		$2500	$37.50	
			98.25		

Notes Rec.		Bremmer & Co.		Mdse	
$98.25			$125		
					$125

Copy the ledger accounts given above, check the posting and tell what errors were made in the posting.

62 Show how a double-entry ledger affords a better proof of its correctness than a single-entry ledger.

BANK BOOK

63 Rule a page of your bank pass book and make entries in it involving (*a*) cash deposited, (*b*) a note discounted.

64 On January 10 Hiram Henning's check book showed a bank balance of $3245.10. On the same day his pass book showing a balance of $3698.40, was returned by the bank. The following checks were not returned by the bank: no. 6, $43.10; no. 8, $25.90; no. 10, $36.27; no. 13. $75; no. 18, $120; no. 23, $80; no. 27, $73.03.

Prepare a statement verifying both the pass book balance and the check book balance.

65 HALE & ELKINS

1916 Jan. 5	Goods returned	$50		1916 Jan. 1	Invoice $^{3}|_{10}{}^{n}|_{30}$ Freight prepaid on above invoice.....	$510	50
						17	20

The above represents Howard Thompson's account with Hale & Elkins.

Mr. Thompson resides in Elmira, N. Y., and transacts all of his business at the Commercial National Bank of that city, Henry Simmons, cashier. On January 10 he gives his check to this bank in payment for a bank draft drawn on the Trades Bank of Chicago and payable to Hale & Elkins for an amount sufficient to settle the above account.

Write the check and the bank draft called for in the above transaction.

66 (*a*) What are the usual steps taken in opening a bank account? (*b*) What information should appear on a check book stub? Why?

67 (*a*) How should a depositor keep his account of cash in bank? (*b*) How does the bank make settlement? (*c*) In case many checks are drawn daily, how would the depositor reconcile his account with the bank's books?

68 Explain *each* of the following: (*a*) deposit slip, (*b*) bank pass book, (*c*) check book stub.

69 Write a bank note for $300, dated to-day, due in 60 days, of which you are the maker and John Carter is the payee.

70 Give ruling and headings for a folio of a bill book (either bills receivable or bills payable).

71 Reconcile the following bank account: balance per check book $972.13; balance per pass book $1986.24; checks outstanding $423.89, $63.14, $263.84, $73.28, $276.88; items not entered in the check book, interest on bank balance $14.23 and exchange on out of town checks $2.15.

PROMISSORY NOTES

72 Define *indorsement. accomodation note, acceptance, negotiable paper, protest.*

73 Write the note required by the following data:

Date: December 30, 1916
Amount: $487.62
Time: 60 days
Payee: John L. Carson

74 On Jan. 16 John Longley borrows $500 from the Mohawk National Bank on his 60 days note, giving your name as security.

a Write the note in complete form.

b Explain to what extent you are liable on the note.

75 Write (*a*) promissory note of which Alfred Brown is the maker and James Lockwood the payee, (*b*) a sight draft of which you are the drawer, Philip Rowe the payee and William Wallace the drawee.

76 Write a promissory note of which you are the maker, John Jones the payee, and James Smith the indorser.

77 Illustrate the form and state the purpose of *each* of the following: (*a*) indorsement in blank, (*b*) indorsement in full. (*c*) indorsement without recourse.

78 You hold a promissory note payable to your order: write (*a*) an indorsement in full, (*b*) an indorsement in blank, (*c*) an indorsement without recourse, as each would appear on the back of the note if used. State the particular object of each form of indorsement.

79 You hold a promissory note payable to your order which you wish to transfer without becoming responsible for its payment. (*a*) Write the proper indorsement. (*b*) Mention and illustrate *two* other kinds of indorsements.

80 A promissory note for $485, with interest at 5%, given Feb. 1, 1897, bears the following indorsements: July 15, 1897, $12; Sept. 1, 1897, $25; Nov. 24, 1897, $65. How much is due on settlement Jan. 25, 1898?

81 A promissory note for $250 draws interest at 6% from June 15, 1898. How much would remain due Jan. 1, 1899 if it bore the following indorsements: July 1, 1898, $50; October 15, 1898, $125?

82 On a promissory note for $1800, dated Jan. 2, 1900 and bearing 4% interest, the following payments were made: Feb. 17, $75, May 2, $50, July 12, $125. How much was due Jan. 2, 1901?

83 A promissory note for $1250, dated May 5, 1900, bears the following indorsements: Aug. 15, 1900, $125; Jan. 4, 1901, $250; April 19, 1901, $143. How much is due June 1. 1901?

84 On a promissory note for $1500, dated Jan. 11, 1901 and bearing interest at 5%, the following payments have been made: Feb. 26, $175, May 16, $10, July 16, $210. How much was due Jan. 11, 1902?

85 On a promissory note for $1200, dated Jan. 3, 1898 and bearing 5% interest, the following payments have been made: Feb. 15, $50, Aug. 1, $15, Oct. 1, $250. How much was due Jan. 3, 1899?

86 A note for $725, with interest at 6%, was given Jan. 10, 1897; payments were made as follows: Aug. 1, $15, Aug. 30, $125, Sept. 25, $236. How much was due at settlement Oct. 30?

87 A note for $1250 with interest at 5% was given January 15, 1897. Payments have been made as follows: April 15, $25; June 19, $60; August 31, $200. How much is due Sept. 27, 1897?

88 On a promissory note for $1500, dated Jan. 11, 1899 and bearing 5% interest, the following payments have been made; Feb. 1, $75, July 1, $50, Nov. 16, $150. How much was due Jan. 11, 1900?

89 On a promissory note for $1527, dated Sept. 1, 1898, and bearing interest at $4\frac{1}{2}\%$, the following payments have been made: Oct. 15, 1898, $125; Nov. 1, 1898; Dec. 15, 1898, $5; Apr. 1, 1899, $250. How much is due at settlement June 15, 1899?

90 On a promissory note for $1800, dated Feb. 1, 1899 and bearing 5% interest, the following payments have been made: Mar. 16, $50; May 1, $100; July 26, $25; Oct. 11, $125. How much was due Feb. 1, 1900?

91 A promissory note for $800, dated January 6, 1896, bears interest at 5%. The following payments have been made on it: June 1, 1896.. $15; September 1, 1896, $40; January 5, 1897, $150. How much is due Feb. 5, 1897?

92 A promissory note for $650 is made Sept. 1, 1897, interest at 5%. Payments have been made as follows: Jan. 2, 1898, $10; Feb. 1, 1898, $35; July 1, 1898, $125. How much is due at settlement Sept. 1, 1898?

93 (*a*) What is the present value of a promissory note for $500, dated January 1, 1897, payable one year after date and bearing interest at 6%? (*b*) If such a note were payable to your order state how you could transfer it without becoming responsible for its payment.

DRAFTS AND BILLS OF EXCHANGE

94 Define (*a*) *draft*, (*b*) *time draft*, (*c*) *sight draft*, (*d*) *bill of exchange.*

95 What is the difference in meaning between "draw at sight in 10 days" and "draw at 10 days sight"?

96 You have just accepted a draft and forwarded the same to O. K. Adams, Baltimore, Md., who drew on you at 10 days sight for balance of account due; face of draft $850, date of draft January 18, 1916. Write the draft in the complete form in whcih it is forwarded.

97 James Griffin owes George Adams $80 and George Adams owes Frank Williams $80. Write a sight draft that will settle all accounts. Designate drawer, drawee and payee.

98 William Brown owes Oliver Stewart $25 and Oliver Stewart owes James Perkins $25. Write a sight draft which when paid will settle all the accounts.

99 You draw a draft of $500 at 30 days after date, in favor of Porter Carr, on Edmund Strong, who accepts the draft. Write the journal entries of the several parties.

100 Write a 10 days sight draft of Jones Brothers in favor of Martin Fink for $32.

101 Write a three party time draft showing acceptance and make the journal entries of each party to the draft.

102 You owe Jacob Astor $100 and William Wild owes you $100. Write a sight draft to balance these accounts.

103 Find the cost of a draft on London for £150, exchange at 4.89. What does this rate of exchange indicate as to the balance of trade? Explain fully.

104 An importer in New York city owes 6230 lire in Rome; what will it cost him to remit (*a*) direct to Rome at 5.27 lire a dollar, (*b*) through London at $4.88 a £, there buying exchange on Rome at 25.20 lire a £?

105 A merchant in New York city owes 5260 francs in Paris; what will it cost to remit (*a*) direct to Paris at 5.15 fr. a dollar, (*b*) through London at 4.89, there buying exchange on Paris at 25.19 fr. a pound sterling?

106 Find the cost of a draft on London for £15 4s. 6d. exchange at $4.86, brokerage $\frac{1}{8}\%$.

BILL MAKING

107 W. E. Chase, Riverhead, N. Y., ordered the following list of goods from Arlington, Warren & Co., 169 Broadway, New York: 25 doz. men's linen handkerchiefs @ 1.87\frac{1}{2}$; 15 doz. women's embroidered handkerchiefs @ 2.12\frac{1}{2}$; 8 doz. children's lawn handkerchiefs @ 85¢; 6$\frac{1}{2}$ doz. pairs men's kid gloves, assorted sizes, @ $11.75; 7 doz. pairs men's suede gloves, sizes 8 to 10, @ $7.25.

a Under date of January 5, make out a bill for the above order, terms 3% cash in 10 days.

b Make the entries for both parties when the bill is paid on January 15 in accordance with the terms.

108 Write in proper form a bill of at least three items sold on which there has been a partial payment in cash previous to this date. Assume that the bill is settled and receipted to-day.

109 Make in due form a bill of merchandise sold by you containing at least four items. Assume that the bill has been paid and write the receipt.

110 Bought a bill of goods amounting to $425 list price, commercial discounts of 20, 10, 10 and 5, with 30 days credit, or an additional 5 off for cash; find the net cash price.

111 Make a receipted bill in proper form of the following items: John Roe bought of a student, September 1, 1897, 2 barrels flour at $5.50; September 3, 100 lbs. meal at 75 cents; September 7, 50 lbs. sugar at 5½ cents; September 9, 4 lbs. coffee at 35 cents. Paid by cash September 14.

112 John Brown bought of William Johnson the following: Feb. 1, 1901, 2 barrels of flour @ $5.75; Feb. 5, 50 pounds corn meal @ 4½ cents; Feb. 7, 100 pounds sugar @ 6 cents; Feb. 8, 6 pounds coffee @ 38 cents; Feb. 11, 2 pounds tea @ 80 cents. A cash payment of $15 was made on Feb. 28, 1901. Balance paid March 27, 1901. Make a receipted bill of these items in proper form.

113 Write in proper form a receipted bill of at least five items sold. Assume that a cash payment for part of the amount was made August 24, 1900 and the balance paid September 26, 1900.

114 Make a receipted bill of the following: Sold James Watson as follows:. Jan. 2, 1896, 1 barrel flour @ $4.50; Jan. 7, 3

lbs. coffee @ 40 cents; 10 lbs. butter @ 23 cents a lb.; Jan. 10, 20 lbs sugar @ 5½ cents a lb; 5 gallons kerosene oil @ 12 cents a gallon.

EQUATION OF ACCOUNTS

115 *Dr.* JOHN ALDEN *Cr.*

1898				1898			
Jan. 18	To mdse....		$250 00	Feb. 11	By cash.....		$188 50
Mar. 6	"		85 19	Apr. 27	"		90 31
May 30	"		323 81	June 15	By mdse.....		170 00

Find the average time for the payment of the above account. If the account is settle to-day, with interest at 6%, how much should be paid?

116 Find the equated time of payment of the following account:

Dr. WM. JONES *Cr.*

1896				1896			
5 My	Mdse at 30 days .		$150 00	10 Je	Cash		$100 00
1 Jl	" at 10 days .		60 00	15 Jl	"		40 00
10 S	" at 20 days.		80 00	1 O	"		55 00
2 N	" at 30 days.		50 00				

117 Find the equated time for the payment of the following bill: Sold J. M. Richards merchandise as follows: Oct. 11, 1897, $468.25 on 4 months credit; Nov. 26, 1897, $365.50 on 6 months credit; Dec. 16, 1897, $623.25 on 6 months credit; Jan. 4, 1898, $536 on 5 months credit; Jan. 17, 1898, $435.90 on 6 months credit.

118 Find the equated time for paying the following account: William Jones bought merchandise as follows: May 20 at 30 days $486.72, June 18 at 60 days $712.28, July 14 at 90 days, $513.28, August 18 at 90 days $1287.72. Paid cash as follows: May 24, $642.140 August 24, $467.12; September 10, $357.86; October 19, $532.88.

119 Find the equated time of payment of the following account:

Sold Richard Jones merchandise as follows:

Jan. 4	$	50 at 90 days
Feb. 15		150 at 90 days
Mar. 3		80 at 30 days
May 10		200 at 60 days

LETTER WRITING

120 Write a letter to Smith & Co., Chicago, Ill., ordering 1000 bushels of wheat. State how and when you wish it shipped and the limit as to price, also giving such references as would be necessary if you were unknown to the firm.

121 You have received the following telegram from Fisher & Martin, Chicago, Ill.: Goods received. Piece six not as ordered. Explain. Entire lot damaged by water.

After investigating the matter write an explanatory letter.

122 You wish to retire from the wholesale provision business. Write a letter to Thomas Wolverton, Poughkeepsie, N. Y., as a possible purchaser, giving necessary details as to stock on hand, volume of business and gain during past year. Mention the price for which you are willing to sell.

123 Write a letter to Fish & Wilson, making application for a position as bookkeeper. State your qualifications for the place and give references.

124 Write a letter of guaranty to Farnum Bros., assuming responsibility for payment of bill of goods purchased by Carl Jones to the amount of $250.

125 Write in proper form an answer to the following advertisement: Wanted—An expert accountant. State qualifica-

tions and give references. Address W. F. Benedict, 1 Broadway, New York.

126 Write a letter applying to Watson & Wait for a position as bookkeeper, stating the facts that should be given in such a letter.

127 Write to Arthur Williams, a letter of recommendation for John Holbrook of Schenectady, expert bookkeeper. Give special attention to English, punctuation and form.

128 Write a business letter ordering goods on account and giving references as to your credit.

BALANCE SHEET AND TRIAL BALANCE

129 (*a*) Tell how one should proceed in preparing a balance sheet (not the six column form). (*b*) What are the three important items of information to be obtained from the balance sheet?

130 (*a*) Describe *two* methods of making a trial balance. (*b*) What advantage has each over the other? (*c*) How often should a trial balance be made? (*d*) Give reasons.

131 (*a*) Give the names of three accounts whose balances show resources or liabilities. (*b*) Mention *two* accounts whose balances show losses or gains.

132 (*a*) A trial balance may be made either by taking the total footings of all the ledger accounts or by taking the balances of accounts only. (*b*) Which is the better method and why?

133 (*a*) Mention *two* accounts which if correct can never show a credit balance; *one* which if correct can never show a debit balance. Give the reason in each case.

134 Mention *three* possible errors that would prevent a correct trial balance and state what steps should be taken to discover such errors.

135 From the following data make a balance sheet showing the gain or loss and the present worth of the business:

Ledger Footings

	Dr.	Cr.
Proprietor		$8000
Cash	$12460	$10175
Merchandise	$16520	$14240
Bills payable	$2500	$2800
Bills receivable	$6000	$2400
Expense	$640	
James Robinson	$460	$400
William Brown	$180	$747
Merchandise on hand amts. to	$4685	

136 George Atkins wishes to change his bookkeeping from single entry to double entry, continuing the use of the old ledger, the open accounts of which show the following footings:

George Atkins (proprieter)		$5218.45
A. P. White	$314.50	113.25
Charles Martin	940.60	500
Seavey & Co		1220.40
John Jackson	526.80	900.15

Other resources and liabilities are as follows: merchandise $3017.50; cash $1855.25; real estate $4250; bills receivable $2800; bills payable $1550.25. Prepare a trial balance of the ledger as it would appear when changed to the double entry system, and state the proprietor's present worth.

137 In closing a ledger the cash on hand was $3250.25 and merchandise per inventory was $2616.46; the balances of ledger accounts were as follows: merchandise debit $827.56, bills payable credit $1125.84, bills receivable debit $1812.71, John Sweet credit $1249.16, James Reese debit $321.83, Samuel Smiles credit

$298.33, William Russell debit $1866.91, discount credit $405.93; the original investment was $5000. Make a trial balance and a balance sheet.

138 From the following ledger footings and inventory make a balance-sheet showing the resources and the liabilities, the proprietor's present worth and net gain or loss:

	Dr.	*Cr.*
Proprietor		$5500
Cash	$9500	6400
Merchandise	8775	7100
Bills receivable	1500	500
Bills payable	675	900
James Roberts	400	525
Expense	595	50
John Hillis	600	325
Jay Williams	150	895

Merchandise on hand per inventory $4500.

139 From the following data make a statement or a balance sheet showing in detail resources and liabilities, the gains and losses and the present worth of the business:

	Dr.	*Cr.*
Proprietor		$8000
Cash	$12560	9240
Merchandise	18927	16295
Bills payable	2500	2800
Bills receivable	900	400
Shipment to Boston (goods all sold)	650	875
Wheat	4200	4000
Johnson & Stokes	2119	246
A. B. Wilson	180	180

Inventory shows on hand general merchandise worth $8427 and 1000 bushels of wheat worth 75 cents a bushel.

140 F. M. Barker invests $3000 and Edward Everts $2000 in a partnership business, gains and losses to be shared in proportion to investment. At the end of one year the ledger shows the following footings:

	Dr.	*Cr.*
F. M. Barker		$3000
Edward Everts		2000
Cash	$15000	12000
Merchandise	22000	21570
Bills payable	2500	2500
Bills receivable	4000	2500
Expense	1420	
Jones Brothers	1590	3580
Wheeler & Adams	650	

The inventory shows merchandise on hand worth $5800. (*a*) prepare a balance-sheet showing the loss or gain and the net capital of each partner.

(*b*) Describe the process of closing a double entry ledger. (*c*) Close the merchandise account of the ledger mentioned in this question.

141 From the following ledger balances determine the gains and losses, the resources, liabilities and present worth:

	Dr.	*Cr.*
Proprietor (investment)		$5000
Merchandise	$8250	6480
Cash	9560	8132
Bills receivable	1550	
Bills payable	780	880
Expense	530	50
James Hill	425	150
Walter Wilson	630	840
Jones & Smith		193

Merchandise on hand per inventory $4125.

142 A puts $3000 and B $2000 into a partnership business. At the end of one year their ledger shows the following balances:

	Dr.	*Cr.*
Cash	$10280	$8400
Merchandise	9150	9460
Bills receivable	500	200
Jones Bros.	150	985
Smith & Wilson		1640
Expense	495	

Inventory shows merchandise on hand worth $2500.

How much should each partner receive if the property is divided in proportion to the investment?

143 From the following ledger footings and inventory determine the gains and losses, the resources and liabilities, and the present worth of the business:

	Dr.	*Cr.*
Proprietor		$10000
Merchandise	$14725	12580
Cash	17256	13096
Expense	1648	
Bills payable	2000	2000
Bills receivable	8280	50000
Interest and discount	148	
W. A. Wallace	175	
S. B. Kraft		1556

Merchandise on hand per inventory $7640.

144 From the following ledger balances and inventories make a balance-sheet showing the resources and liabilities, the proprietor's net capital (present worth) and net gain or loss;

	Dr.	*Cr.*
Proprietor		$19778 19
M. M. Joslyn	$412 05	
H. P. Martin	171 04	
E. D. Rossmann		688 05
Merchandise	163 31	
Cash	4504 24	
Bills receivable	500 00	
Bills payable		500 00
Real estate	15059 17	
Store fixtures	61 50	
Interest		4 67
Expense	99 60	

On hand per inventories merchandise $4965; real estate $15,000; store fixtures $60.

145 From the following data make a balance sheet:

Ledger Footings

	Dr.	*Cr.*
Proprietor	$1500	$9500
Cash	18750	12972
Merchandise	16470	14280
Bills receivable	2140	1000
Bills payable	1000	4640
Interest and discount	328	216
Expense	1964	241
Shipment to Chicago	580	636
Johnson & Robbins	1506	853
J. S. Wilson	100	

Merchandise on hand per inventory $5427.

146 Find the present worth and the net gain or loss shown by the following ledger footings:

	Dr.	*Cr.*
Proprietor		$6250
Merchandise	$8275	5486
Cash	5293	4112
Bills payable	260	560
Bills receivable	1400	
Expense	390	
Abram Morse	652	135
Wilson Brothers	459	186

Inventory shows merchandise on hand worth $5263.

147 From the following ledger footings and inventory make a balance sheet showing the resources and liabilities and the proprietor's present worth and net gain or loss:

	Dr.	*Cr.*
Proprietor		$4000
Cash	$8450	5850
Merchandise	9500	8000
Bills payable	500	10000
James Green		2500
Bills receivable	20000	500
Expense	350	100
William Jay	1200	200
Lewis Hayne	150	

Merchandise per inventory $2500.

148 In a certain ledger the footings of the accounts which show resources and liabilities are as follows:

	Dr.	*Cr.*
Cash	$8536 63	$2138 17
Bills receivable	3650 00	2400 00
Merchandise (inventory)		7968 33
Personal accounts	840 80	3474 41
Bills payable	500 00	850 00

The original investment was $10,000. Find the present worth and the net gain or loss.

149 From the following data make a balance sheet showing the gain or loss and the present worth of the business:

	Dr.	*Cr.*
Proprietor		$4000
Merchandise	$8260	7120
Cash	6230	5088
Bills receivable	3000	1200
Bills payable	1250	1400
Expense	320	
Wilson Burr	90	373
John Bangs	231	200

Merchandise on hand per inventory $2342.

150 From the following ledger balances and inventories make a balance sheet showing resources and liabilities, the proprietor's net capital (present worth) and net gain or loss:

	Dr.	*Cr.*
Proprietor		$5768 50
Cash	$2763 15	
Merchandise	3600 48	
Bills receivable	575 50	
Bills payable		931 56
Expense	382	
John Loren	105 25	
John Philips		1550

Furniture and fixtures	590 40	
Interest		7 61
Ralph Johnson	240 89	

Inventories: merchandise $6400; furniture and fixtures $450.

151 M. O. Banker invested $4000 and F. J. Eaton $6000 in partnership business, gains and losses to be shared in proportion to investment. At the end of one year the ledger shows the following footings:

	Dr.	*Cr.*
M. O. Barker		$4000
F. W. Eaton		6000
Cash	$12000	10000
Merchandise	2850	22700
Bills payable	2000	2500
Bills receivable	5500	3000
Expense	1400	
Edward Everts	1900	3500
James Watson	650	

Inventories: merchandise $9500, expense $1000.

Prepare a balance-sheet in proper form, showing net capital and net gain or loss of each partner.

152 From the following ledger footings and inventories make a balance sheet:

	Dr.	*Cr.*
Proprietor	$825	$9 000
Cash	11505 15	9 897 50
Merchandise	16981 79	12 489 34
Bills payable	3650	4 010 40
Bills receivable	5480	4 283
Interest	75 12	89 75
Trade discount	133 33	189 60

Furniture and fixtures	650	
Expense	140	
Peter White	1276 50	847 40
Malcolm Jones	917 09	1032 89
George Goldring	804	598 89

Inventories: merchandise $6575; furniture and fixtures $500.

153 Find from the following ledger footings the net gain or loss, and the present worth of the business:

	Dr.	*Cr.*
Student		$4000
Merchandise	$1000	586
William Jones	855	75
Expense	24	
James Wilson	150	80
Commission		56
Bills payable	125	200
Shipment to Chicago	1640	
Cash	2428	1225

154 From the following balances of accounts and inventory (the proprietor's account being omitted) determine the proprietor's net investment, the gain or loss and the present worth:

	Dr.	*Cr.*
Cash	$4197 03	
Merchandise	1035 06	
Bills receivable	459 11	
Bills payable		$133 65
John L. Stern	73 50	
R. W. Fisk & Co.		525
Expense	264 25	
Interest and discount		4 65
E. N. Jones & Co.	99 10	

Merchandise on hand $935.82.

155 At the close of a year's business a ledger shows the following footings:

	Dr.	*Cr.*
Cash	$28560	$22350
Merchandise	48892	51723
Bills payable	7894	8964
Bills receivable	5000	2500
Interest and discount	420	200
Expense	1250	175
Personal accounts	6863	2967
Stock (original investment)		10000

Merchandise on hand per inventory is worth $65001. Make a statement showing gain or loss and present worth.

156 Make a balance sheet from the following ledger footings and inventories:

John Smith, proprietor	$150	$4285 88
Cash	5622 10	3986 60
Merchandise	4235 75	1750 25
Furniture and fixtures	750	
Bills payable	500	1250
Bills receivable	2796 80	1970
Expense	210	
Interest	9 33	15 40
Mdse discount	16 25	10
R. E. Dixon	825 40	1577 60
Semuel Brown	1050	985
Roscoe Davis	375	
George Warner		.800

Inventories: merchandise $2724.60, furniture and fixtures $735, expense $166.50.

157 Prepare a six column balance sheet from the followin footings and inventories:

	Dr.	*Cr.*
Proprietor		$8626
Mdse	$3158 50	218 45
Furniture and fixtures	642 50	
Bills payable	708	923
Interest and discount	5 93	2 97
Loss and gain	33 50	
Cash	.6443 14	986 66
Expense	.41 13	
C. C. Jones		280

Inventories are merchandise $3165, furniture and fixtures, $640, expense $15.50

158 Show the Loss and Gain account and the proprietors' accounts that would result from closing the books of Dean & Ford for the year ending Dec. 31, 1909.

The open accounts and their respective footings were as follows: W. E. Dean, proprietor, Dr. $700, Cr. $10,000; H. A. Ford, proprietor, Dr. $950, Cr. $10,000; Mdse Dr. $29,105, Cr. $20,016. 10; Furniture and Fixtures Dr. $785.30, Cr. $50; Bills Payable Dr. $7789, Cr. $8567.50; Bills Receivable Dr. $12,000, Cr. $11,200; Joseph Wilkins Dr. $590.20, Cr. $786.45; William Porter Dr. $659.80, Cr. $434.25; Expense Dr. $536.28; Insurance Dr. $125; Mdse Discount Dr. $676.55, Cr. $1321,05; Interest and Discount Dr. $701.40, Cr. $529.90. The cashbook feotings were Dr. $25,441.20, Cr. $17,154.93. Inventories were mdse $14,397.68, furniture and fixtures $718.10, expense $45.75.

159 (*a*) Make cashbook and journal entries of the following transactions in form for posting directly to the double entry

ledger (Enter *all* cash items in cashbook; post cash items from cashbook only):

June 1, 1904. Clarence White began a wholesale grocery business in Troy N. Y. with an investment of $18,000 cash.

June 2. Bought the stock of Dawes & Co. for $12,750 and their furniture and fixtures for $1050, paying cash.

June 3. Bought of John D. Waterhouse, New York, 25 boxes wool soap @ $3; 20 cases, 400 5 lb sacks pastry flour @ 15¢ a sack; 10 bbl. 600 lb oyster crackers @ 8¢. Terms $^3/_5$ $^n/_{30}$ (3% off if paid in 5 days, net 30 days).

June 4. Cash sales for week $168.85.

June 6. Sold Houghton & Son, Salem, subject to draft after 5 days, 20 bags ice cream salt @ 75¢; 75 bbl. roller process flour @ $4.

June 8. Bought of T. J. Mather, Jackson, 1 car, 500 bu. potatoes @ 60¢

June 10. Sent J. D. Waterhouse N. Y. draft in payment of bill of June 3.

June 13. Sent T. J. Mather a draft at 10 days on Houghton & Son for amount of bill of June 8.

June 14. Sold Phillips & Robertson, Cambridge, on account 10 bbl. 3300 lb white C sugar @ 4½¢.

June 16. Bought of C. D. Williams & Co. 15 bags, 1875 lb Rio coffee @ 18¢.

June 18. Cash sales for week $325.40.

June 20. Bought office stationery for cash $18.25.

June 21. Received from Houghton & Son their check on Washington County Bank to balance their account.

June 23. Received Phillips & Robertson's note at 30 days in payment of bill of June 14.

June 25. Sold Houghton & Son on account 5 bbl. 800 lb laundry starch @ 3¾¢.

(*b*) Post all the items given in *a*.

(*c*) Make a trial balance of the ledger called for in *b*. Make and close the "Loss and Gain" account of the ledger called for in *b*. Close the "Proprietors account." Inventories are: merchandise $12,784.60; furniture and fixtures $1047.50; expense $15.

(*d*) Write (1) the N. Y. draft mentioned in the transaction of June 10, supplying all necessary data, (2) the check mentioned in the transaction of June 21.

(*e*) Write (1) the time draft mentioned in the transaction of June 13, showing acceptance, (2) the note mentioned in the transaction of June 23.

(*f*) Mention *three* forms of endorsement and illustrate each form as applied to the note of June 23. Show the effect of each of these three forms.

(*g*) Write as Clarence White the letter to accompany draft to T. J. Mather on June 13.

(*h*) Write the journal entry of the draft mentioned in the transaction of June 13, as it would appear in the books of (1) the payee, (*b*) the drawee.

160 William Barney, dry goods merchant in Rochester, has made a success in business and now wishes to shift some of his cares to younger shoulders. George W. Enright, who was a trusted clerk of Barney's some 10 years ago, is now in Boston receiving a very liberal salary. After an exchange of letters Barney offers Enright a salary of $1000 a year and a one fifth interest in the entire business—Enright to invest capital in that proportion. An agreement is concluded on these conditions and Barney invests cash $6000, mdse $9565.60 and furniture and fixtures $880, as valued by appraisers. Barney is to take to himself the outstanding accounts receivable or payable. Enright invests $3289.12 in cash. An unlimited partnership

is formed on this basis under the name of William Barney & Co. to take effect Dec. 3, 1906.

Dec. 3. Bought by check, books of account $50; 10 tons of coal for heating store $60. Sold Smith & Burdick, Utica, 450 yd. black English camel's hair @ $1.87; 500 yd. Am. blk. dress silk @ $1.25; 250 pc. blk. Chantilly lace @ 90¢. Terms $^{2}/_{10}$ $^{n}/_{60}$ (2% off if paid in 10 ds., net if paid in 60 ds.). Cash sales (transient customers) $245.

Dec. 4. Bought of Westcott & Andrews, New York, 100 pc. Dutchesse lace @ $2.25. Terms, $^{2}/_{5}$ $^{n}/_{30}$. Sold Jackson Bros., Rome, 150 yd. Barjeon cashmere @ $1.37. Terms, note 10 days. Cash sales $314.50.

Dec. 5. Sold Abner Hill, Binghamton, 200 yd. Am. blk. silk @ $1.25. Terms, $^{2}/_{10}$ $^{n}/_{60}$. Sold Williams Bros., Olean, 348 yd. Wamsutta cotton @ 39¢. Terms, $^{2}/_{10}$ $^{n}/_{60}$. Cash sales $298.50.

Dec. 6. Sold Geo. Peterson, Hornell, on account, 50 yd. fine Eng. serge @ $1.37. Bought of Wescott & Andrews 120 doz. ladies' kid gloves @ $7.50. Terms $^{2}/_{5}$ $^{n}/_{30}$. Cash sales $415.50.

Dec. 7. Sent Wescott and Andrews N. Y. draft to pay invoice of Dec. 4. Sold Abner Hill 6 doz. ladies' kid gloves @ $9.50. Terms $^{2}/_{5}$ $^{n}/_{60}$. Cash sales $320.

Dec. 8. Bought of Gates & Bros. New York, 100 pc. fancy blk. ribbon @ $2.75. Terms $^{2}/_{5}$ $^{n}/_{30}$. Sold William Bros. 100 yd. Am. blk. silk @ $1.25. Terms $^{2}/_{5}$ $^{n}/_{30}$. Cash sales $480.20.

Dec. 10. Sold B. D. Strong & Co., Buffalo, 100 pc. velvet ribbon @ $2.87. Terms $^{2}/_{10}$ $^{n}/_{60}$. Sent Westcott & Andrews N.Y. draft to pay invoice of Dec. 6. Smith & Burdick send check to pay bill of Dec. 3. Abner Hill sends N. Y. draft to pay bill of Dec. 5. Cash sales $450.80.

Dec. 11. Williams Bros. send N. Y. draft in payment of bill of Dec. 5. Sold Mendall & Elder, Saratoga, 100 yd. Venetian

crepe cloth @ $1. Terms, $^{2}/_{10}\,^{n}/_{60}$. Send note of Jackson Bros. to Bank of Rome for collection. Cash sales $418.20.

Dec. 12. Sent Gates & Bros. N. Y. draft to pay invoice of Dec. 8. Sold Perkins & Co., Niagara Falls, 100 yd. blk. Eng. camel's hair @ $1.87. Terms, $^{2}/_{10}\,^{n}/_{60}$. Cash sales $528.40.

Dec. Cash sales $500.50.

Dec. 14. George Peterson paid bill of Dec. 6. Cash sales $475.25.

Dec. 15. The Bank of Rome returns note of Jackson Bros. with protest; fees and expenses $2.04. Make the proper entries. Paid items of expense as follows: Horses, wagons and drivers $52.50, bookeeper $55, billing clerk $30, porter $20, errand boy $10, printing and advertising $82.10, postage and telegrams $32.50. Cash sales $516.25.

(1) Post the books as the conditions require. (2) Make a trial balance and a statement of the businesss or a balance sheet showing gain or loss and present capital of the respective partners. Furniture and fixtures unchanged, Inventories: Mdse. $3766.33, Expense $55.

161 James D. Harrison, flour and feed merchants, Yonkers, N. Y., determines to change his books from signel to double entry. He has cash on hand $1567.50, merchandise per inventory $1265, furniture and fixtures $530.10, store and lot $4500, notes and drafts due the business $674.50. His outstanding obligations are $945.80 and his ledger shows the following footings

	Dr.	Cr.
James Cowan	$641.30	$300.50
Howard Booth	495.	
William L. Warren	252.75	943.10
John O. Porter		50.
C. A. Martin & Co.	119.90	363.25

(*a*) From the information given above, change the books to the double entry system, showing the several steps by which this is accomplished, and prove work by trial balance.

(*b*) Open a cashbook with the cash mentioned in *a*, and make cashbook and journal entries of the following transactions in form for posting to the double entry ledger:

Jan 2, 1907. Paid cash for new set of books and supply of stationery $25.60.

Jan. 3. Sold Howard Booth, Tarrytown, on account 50 bu. oats @ 45¢; 100 bu. corn @ 50¢; 5 tons timothy hay @ $15.

Jan. 4. Bought of C. A. Martin & Co., Buffalo, 500 bu. oats @ 35¢; 500 bu. corn @ 45¢; 50 tons timothy hay @ $12; 20 tons prairie hay @ $8. Terms $^{5}/_{10}\,{}^{n}/_{30}$ (2% off if paid in 10 days, net 30 days).

Jan. 5. Sent C. A. Martin & Co. Check on National Commercial Bank to balance old account $243.35.

Jan. 7. Cash sales of merchandise to date $216.84.

Jan. 8. Bought of John O. Porter, New York, on account 25 bbl. XXX flour @ $4.50; 10 bbl. graham flour @ $6.

Jan. 9. Sent John O. Porter a 10 day draft on Henry Brown, New York, for $200, dated today, to apply on account.

Jan. 10. Sold Howard Booth on account 2 tons ground feed @ $20; 2 bbl. flour @ $6; 5 tons prairie hay @ $10.

Jan. 11. Bought of Howe & Wayne for cash 50 tons timothy hay @ $12.50.

Jan. 12. Howard Booth remits a 30 day note for $525, drawn by William Saunders Jan. 9, in favor of Booth and indorsed to Harrison.

Jan. 14. Sent C. A. Martin & Co. New York draft (National Commercial Bank, George Davis, cashier, on Merchants Bank,

New York) in payment of bill of Jan. 4, less discount. Cash sales to date $379.40.

Jan. 15. Borrowed $1500 from Foster & Bowen on note at 90 days with interest.

Jan. 16. Bought of Smith & Jones on account 100 bbl. winter wheat flour @ $5.25; 150 bbl. patent flour @ $6.10.

Jan. 17. Paid carpenter cash for repairs $65.91.

(*c*) Post to the double entry ledger opened in (*a*) the items given in (*b*).

(*d*) Write (1) the draft mentioned in the transaction of Jan. 9, showing acceptance, (2) the note referred to in transaction of Jan. 12, showing indorsement.

(*e*) Make out the invoice of goods purchased on Jan. 4 and write the New York draft sent in settlement on Jan. 14.

(*f*) Write the journal entry of the draft mentioned in the transaction of Jan. 9 as it would appear in the books of (1) the payee, (2) the drawee. (Mark each entry to show in whose books it belongs.) If Porter had this draft discounted at the bank on Jan. 11 what amount did he receive?

162 (*a*) Make cashbook and journal entires of the following transactions in form for posting to the double entry ledger:

Aug. 31, 1907. Howard W. Loomis and S. R. Williams form a partnership firm under the name of Loomis & Williams, to carry on a wholesale drygoods business in Troy, N. Y., gains and losses to be shared according to investment. Loomis invests his stock of goods valued at $7056.40, and furniture and fixtures $443.60. Williams invests cash $5000.

Sep. 3. Bought of Bouton Mfg. Co., North Adams, 10 pcs. 512 yd, S. M. print @ 5¢; 5 pcs, 234 yd, Scotch cheviots @ 40¢ Terms $^{3}/_{10}$ $^{n}/_{30}$ (3% off if paid in 10 days, net 30 days).

Sep. 4. Sold F. R. Grant, City, 15 gross bone buttons @ 15¢; 10 doz. boys' heavy cotton hose @ $1.25; 6 doz. men's half hose @ $6.85. Terms $^{2}/_{10}\ ^{n}/_{60}$.

Sep. 5. Bought office stationery for cash $7.65.

Sep. 6. Sold Miller & Miller on account, 10 gross gilt buttons @ $2.25; 10 pcs. 504 yd, fancy gingham @ 8¢.

Sep. 7. Bought of Bouton Mfg. Co. 25 pcs, 1310 yd, fancy gingham @ 7¢. Terms $^{3}/_{10}\ ^{n}/_{30}$.

Sep. 9. Paid Preston & Walker cash for 25 tons coal @ $6.50 for heating store.

Sep. 10. Sold George A. Allen, Mechanicville, on account 10 pcs black chantilly lace @ 90¢; 20 pcs marquise lace @ $2.20.

Sep. 11. Bought of Brooks & Co., New York, 10 pcs, 520 yd, black dress silk @ $1; 100 doz. spools sewing silk @ 89½¢.

Sep. 12. Accepted Brooks & Co's draft at 10 days drawn on themselves for $500.

Sep. 13 Sent Bouton Mfg. Co. New York draft for amount of invoice of Sep. 3, less discount.

Sep. 14. Received F. R. Grant's check for amount of bill of Sep. 4, less discount.

Sep. 16. Sold Frank C. Thomas for cash 5 doz. men's kid gloves @ $9.

Sep. 17. Bought for cash from New England Furniture Co., a roll-top desk for office, $17.50.

(*b*) Post to the double entry ledger all items given in *a*.

(*c*) Inventories are merchandise $7764.50, furniture and fixtures $454.50 (several chairs were broken), expense $158.22. Close accounts showing loss or gain into Loss and Gain account; close proprietors' accounts showing net gain or loss and present worth of each partner.

(*d*) (1) Write the draft mentioned in transaction of Sept. 12, showing acceptance. (2) Write the New York draft mentioned in transaction of Sept. 13 and show proper indorsement (National Commercial Bank, John Smith, Cashier, on Producers Bank of New York).

BY EXAMINATIONS

January 22, 1919

163 Make, with sufficient explanations, the proper entries for the following selected transactions, using at least a double entry journal and a cashbook as books of original entry:

On Dec. 1, 1918., the cashbook of Fuller (J. E.) & Stowe (R. F.), a partnership engaged in a general merchandising business in New Rochelle, N. Y., shows a balance of $2635.80 of which $2410.50 is on deposit in the Westchester Trust Co. Enter the cash balance in the cashbook.

Dec. 2 Paid semi-annual interest due Westchester Trust Co. on a mortgage of $3000 at 5% interest.

Dec. 4 Bought of Warren Bros., New York, terms $^3/_{10}$, merchandise amounting to $691.50. Paid freight on merchandise purchased $10.45.

Dec. 5 Sold Mrs. M. A. Carter, City, terms on account, a bill of goods amounting to $79.40.

Dec. 9 Received from Lawrence Taylor, Mount Vernon, N. Y., his 30 day note, dated Dec. 7, for $375 and check for $78.32 in payment of bill of Nov. 9; amount of bill $457.90, less 1%.

Dec. 10 Paid electric light bill $15.30, miscellaneous expenses $26.35.

Dec. 11 Discounted at Westchester Trust Co. Taylor's note of Dec. 7 and received credit for the proceeds.

Dec. 11 Paid C. A. Young & Co., New York, $250 to apply on account.

Dec. 14 Gave Warren Bros. our 10 day interest-bearing note for invoice of Dec. 4, less the discount.

Dec. 16 Sold Arthur Dwyer, City, terms on account, a bill of goods amounting to $163.78.

Dec. 17 Received Henry Wheeler's 10 day acceptance, dated Dec. 16, for $125.60 balance of account due Dec. 1. Draft was drawn Dec. 10.

Dec. 20 Bought of Yonkers Trading Co., terms on account, merchandis amounting to $561.20.

Dec. 24 Received notice from Yonkers Trading Co. that our claim for $38.75 for damaged goods returned has been allowed.

Dec. 24 Paid by check our note in favor of Warren Bros. due today.

Dec. 27 Received Wheeler's check in payment of acceptance of Dec. 16.

Dec. 28 Fuller, one of the partners, withdrew $150 for private use.

Dec. 31 Paid office and store salaries $140.

Balance the cashbook and bring down the balance.

164 On Dec. 31, 1918, the ledger accounts of James L. Collins, a local merchant, show the following information concerning his business for the year just ended:

Goods on hand Jan. 1, $18,607.50; goods purchased during the year $59,329.40; goods sold during the year $79,547.10; freight paid on goods purchased during the year $1389.35; discounts allowed in the settlement for goods purchased $838.64; expenses $5650; interest paid on notes issued to creditors $168.73.

The goods on hand Dec. 31 are valued at $15,862; depreciation on store fixtures is estimated at 10% of book value af $3000.

From the above information, prepare for Mr. Collins a profit and loss statement for the year under consideration.

165 With a balance of $863.78 due on Nov. 1, 1918, (*a*) open an account with Henry L. Davis, one of your customers, (*b*)

make the required entries in the account for the following transactions, (*c*) show the balance of the account as of Dec. 31:

Nov. 2 Sold him goods on account $281.90.

Nov. 10 Received his 30 day note for $300 to apply on balance due Nov. 1.

Nov. 13 Sold him goods on terms $^{2}/_{10}$ $^{c}/_{30}$, $196.75.

Nov. 17 Allowed his claim for $28.50 for damaged goods contained in shipment of Nov. 13.

Nov. 23 Received his check for the amount due on bill of Nov. 13.

Nov. 25 Received his check for the part of the balance due Nov. 1 still remaining unpaid.

Dec. 5 Sold him goods amounting to $483.25 and received his 60 day note for $250, balance on account. Freight amounting to $15.61 was charged to his account.

Dec. 12 Received his check for one half the balance due Dec. 1.

Dec. 24 Received his check for balance due on bill of Dec. 5.

166 Referring to question 163, write (*a*) the note required in transaction of Dec. 9, (*b*) the draft required in transaction of Dec. 17.

167 (*a*) Why are entries journalized and not made in the ledger direct?

(*b*) Why are cash entries kept in a separate book?

168 Explain *each* of the following: note receivable, balance sheet, invoice, ledger, capital.

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